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19 June 1968


MEMORANDUM FOR: Office of Legislative Counsel

ATTENTION :

25X1A

SUBJECT : Free World Shipping to North Vietnam

The attached statement on Free World Shipping to North Vietnam was prepared in response to the request from Senator Mundt.


Deputy Director
Economic Research

25X1A

Attachment
a/s

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FREE WORLD SHIPPING TO NORTH VIETNAM

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
19 June 1968

INTELLIGENCE MEMORANDUM

Free World Shipping to North VietnamSummary

Since the beginning of the Rolling Thunder program in early 1965, the participation of Free World ships in the North Vietnamese trade has declined sharply. Ships from 15 Free World countries made 402 calls at North Vietnamese ports during 1964, or 69 percent of total calls. By 1967 ships from only five Free World countries were calling at North Vietnam and they accounted for only 20 percent of total calls. Free World shipping to North Vietnam began to increase again in 1968 and now accounts for about 27 percent of total calls.

Most of the calls by Free World ships during the last two years have been made by British-flag ships based in Hong Kong and owned by firms controlled by Communist China. These ships have been engaged, for the most part, in carrying cargoes from China to North Vietnam. The British-flag ships effectively controlled by the British government withdrew from the trade during 1965.

Since the cessation of US airstrikes north of the 20th Parallel, shipping to North Vietnam has increased. The number of foreign ships (Communist and Free World) calling at North Vietnamese ports in May was the highest since March 1965, and imports were at a record high level. A Japanese ship arrived in May, the first Japanese call since March 1965.

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1. The participation of Free World ships in the North Vietnamese trade has declined sharply since the beginning of the Rolling Thunder bombing program. This decline is due to the effect of US bombing on the availability of export cargoes, skyrocketing insurance and wage costs, the reluctance of shipowners and ship crews to risk exposure to attack, and US diplomatic efforts to discourage participation in trade with North Vietnam. At the same time, calls by Communist ships rose in order to handle increased imports from the USSR and Communist China. The relative participation of Free World and Communist ships is shown in the following tabulation:

	1964		1965		1966		1967		Jan-Apr 1968	
	<u>Ships</u>	<u>Per-cent</u>	<u>Ships</u>	<u>Per-cent</u>	<u>Ships</u>	<u>Per-cent</u>	<u>Ships</u>	<u>Per-cent</u>	<u>Ships</u>	<u>Per-cent</u>
<i>Total arrivals</i>	580	100	530	100	379	100	386	100	158	100
Free World	402	69	256	48	74	20	78	20	43	27
Communist	178	31	274	52	305	80	308	80	115	73

2. Since 1964, one Free World country after another has withdrawn its ships from trade with North Vietnam. Ships flying the flags of 15 Free World countries, led by those of the United Kingdom, made 402 calls at North Vietnamese ports in 1964. In 1967 there were only 67 such calls, and only five Free World flags were represented. The leading Free World participants in the trade during this period are shown in the following tabulation (and in greater detail in the table):

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	Number of Calls				
	1964	1965	1966	1967	Jan-Apr 1968
United Kingdom	177	136	50	67	36
Norway	43	29	0	0	0
Japan	37	37	0	0	0
Greece	35	28	7	0	0
Lebanon	20	9	0	1	1
Cyprus	0	3	12	5	2
Others	90	14	5	5	4
<i>Total</i>	<i>402</i>	<i>256</i>	<i>74</i>	<i>78</i>	<i>43</i>

3. Ships of five of the countries involved in the North Vietnamese trade in 1964 -- West Germany, Sweden, Denmark, Finland, and Indonesia -- have not participated in the trade since then. Ships of six other countries -- Japan, the Netherlands, Norway, Panama, France,* and Liberia -- withdrew during 1965 and did not call in either 1966 or 1967. British-flag ships continued to make the most calls, but their number dropped because of the withdrawal during 1965 of all British-flag ships under the effective control of the British government. The British-flag ships remaining in the trade are based in Hong Kong and owned by Chinese Communist-controlled firms. These Chinese-controlled ships are engaged almost exclusively in trade between China and North Vietnam. Japanese ships were withdrawn from the trade after March 1965 because of the reluctance of the Japanese seamen's union to expose its members to possible US bombing, and Norwegian ships withdrew after November because of US diplomatic pressure. Cypriot and Maltese ships entered the trade for the first time in 1965 and continued to participate on a small scale in 1966 and 1967.

4. By 1966, the only Free World countries whose flags were still appearing in the North Vietnamese trade were the United Kingdom, Greece,

* A French ship made a noncommercial call at Haiphong in 1966 to pick up bodies of French soldiers killed in the Indo-China War.

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Italy, Cyprus, and Malta. Greek ships withdrew from the trade after June 1966. A Lebanese ship called in December 1967 for the first time since June 1965. A Singapore-flag ship called for the first time in March 1968, and a Japanese ship reappeared in the trade in May 1968.

5. The role of Free World ships in North Vietnamese trade also has been changed. In 1964 and 1965, they carried four times as many exports as imports. In 1967 they carried almost four times as many imports as exports. The volume of imports carried by Free World ships, however, has remained relatively stable, even though the number of Free World arrivals in 1967 was less than one-fifth of that in 1964. The volume of exports carried by Free World ships in 1967, on the other hand, was less than one-tenth of the 1964 level.

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North Vietnam: Free World Ship Arrivals, by Flag
1964-67 and January-April 1968

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>Jan-Apr 1968</u>
<i>Total</i>	402	256	74	78	43
United Kingdom	177	136	50	67	36
Japan	74	37			
Norway	43	29			
Greece	35	28	7		
Lebanon	20	9		1	1
Italy	11	1	1	2	1
Panama	12	1			
Netherlands	8	5			
West Germany	7	3			
Liberia	3				
Sweden	1				
Denmark	1				
Finland	1				
France	1	2			
Indonesia	1				
Cyprus		3	12	5	2
Malta		2	4	3	
Singapore					2
Unknown					1 a/

a. This vessel arrived at North Vietnam, illegally flying the Cypriot flag.

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